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Chairman: Mr. Bródi ..... (Hungary)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Ms. McLurg

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The meeting was called to order at 10.20 a.m.

Agenda item 144: Financing of the United Nations peacekeeping forces in the Middle East

(a) United Nations Disengagement Observer Force (A/63/521, A/63/686 and Corr.1, A/63/746/Add.2)

Agenda item 146: Financing of the United Nations Mission in the Sudan (*continued*) (A/63/604, A/63/714 and A/63/746/Add.2)

Agenda item 148: Financing of the African Union-United Nations Hybrid Operation in Darfur (*continued*) (A/63/668, A/63/717 and A/63/746/Add.4)

1. **Mr. Yamazaki** (Controller), introducing the performance report on the budget of the United Nations Disengagement Observer Force (UNDOF) for the period from 1 July 2007 to 30 June 2008 (A/63/521), said that the General Assembly, in its resolution 61/287, had appropriated funding of $39,662,500 for the maintenance of the Force and that expenditure had amounted to $42,179,700, representing additional requirements of $2,517,200. The main causes of the variance were a significant increase in the price of fuel during the budget period; requirements for the payment of mission subsistence allowance to the Force staff officers, pursuant to General Assembly resolution 61/276; increased military personnel travel requirements owing to higher air charter costs; the acquisition of three light armoured patrol vehicles and conversion of two armoured personnel carriers to ambulances, to enhance the safety of mission personnel; and the implementation of two consecutive increases in the national staff salary scale. The General Assembly was invited to appropriate and assess an additional amount of $2,517,200 for the period from 1 July 2007 to 30 June 2008 and to decide how to treat other income for the period ended 30 June 2008 amounting to $2,076,200.

2. Introducing the report of the Secretary-General on the budget for UNDOF for the period from 1 July 2009 to 30 June 2010 (A/63/686), he said that the proposed budget of $45,369,600 for 2009/10 reflected a 0.8 per cent decrease relative to the funding of $45,726,000 appropriated by the General Assembly in its resolution 62/264 for the maintenance of the Force for the 2008/09 period. The main causes of the variance were lower requirements under facilities and infrastructure and ground transportation, owing to the decline in the price of diesel fuel, and a reduction in requirements for construction services. The General Assembly was invited to appropriate $45,369,600 to maintain the Force for the period from 1 July 2009 to 30 June 2010 and to assess that amount at a monthly rate of $3,780,800, should the Security Council decide to continue the Force's mandate.

3. Introducing the performance report on the budget of the United Nations Mission in the Sudan (UNMIS) for the period from 1 July 2007 to 30 June 2008 (A/63/604), he said that the General Assembly, in its resolution 61/289, had appropriated funding of $846,277,200 for the maintenance of the Mission and that expenditure had amounted to $820,459,500, leaving an unencumbered balance of $25,817,700, which represented an implementation rate of 96.9 per cent. The main causes of the variance were the partial execution and deferral of some planned construction projects, as the Mission had focused on priority projects to address critical operational requirements that had emerged; lower expenditure on air transportation, mainly attributable to cost-sharing arrangements with the African Union-United Nations Hybrid Operation in Darfur (UNAMID) and fewer hours flown than budgeted, owing to the transfer of operations in Darfur to UNAMID; and delays in the implementation of the Mission's disarmament, demobilization and reintegration programme. The General Assembly was invited to decide how to treat the unencumbered balance of $25,817,700 for the period from 1 July 2007 to 30 June 2008, as well as other income for the period ended 30 June 2008 amounting to $56,381,400.

4. Introducing the report of the Secretary-General on the budget for UNMIS for the period from 1 July 2009 to 30 June 2010 (A/63/714), he said that the proposed budget of $980,561,100 for 2009/10 reflected a 19.6 per cent increase relative to the funding of $820,720,600 appropriated by the General Assembly in its resolution 62/267 for the maintenance of the Mission for the 2008/09 period. The main causes of the variance were additional international staff requirements, pursuant to General Assembly resolution 63/250; the proposed increase in military personnel; the proposed establishment of 145 additional international posts, 451 national posts and 68 United Nations Volunteer positions; an expanded construction programme; and increased air transportation costs, mainly as a result of an increase in flight hours and guaranteed fleet costs. The General Assembly was

invited to appropriate $980,561,100 to maintain the Mission for the period from 1 July 2009 to 30 June 2010 and to assess that amount at a monthly rate of $81,713,425, should the Security Council decide to continue the Mission's mandate.

5. In its resolution 63/273, the General Assembly had approved an additional appropriation of $56,173,100 for the maintenance of the Mission for the 2008/09 period. The proposed budget for 2009/10 represented an increase of 12.6 per cent relative to the total approved resources of $876,893,700 for 2008/09.

6. Introducing the report of the Secretary-General on the budget for the African Union-United Nations Hybrid Operation in Darfur (UNAMID) for the period from 1 July 2009 to 30 June 2010 (A/63/717), he said that the proposed budget of $1,789,411,200 for 2009/10 reflected a 19.3 per cent increase relative to the funding of $1,499,710,000 appropriated by the General Assembly in its resolution 62/232 B for the maintenance of the Operation for the 2008/09 period. The main causes of the variance were the higher projected deployment of the Operation's uniformed and civilian personnel during the budget period and increased resource requirements for operational costs in the areas of air transportation, communications and information technology, medical services and special equipment to support the mandated operations of UNAMID. The General Assembly was invited to appropriate $1,789,411,200 to maintain the Operation for the period from 1 July 2009 to 30 June 2010; to assess $149,117,600 for the period from 1 to 31 July 2009; and to assess $1,640,293,600 at a monthly rate of $149,117,600, should the Security Council decide to continue the Operation's mandate.

7. **Ms. McLurg** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee relating to the financial performance report for the period from 1 July 2007 to 30 June 2008 and proposed budget for the period from 1 July 2009 to 30 June 2010 of UNDOF (A/63/746/Add. 2), said that the Advisory Committee had noted the expected over-expenditure for the period from 1 July 2007 to 30 June 2008. While it recognized the inherent risk of changes in the operational requirements of peacekeeping missions, major financial outlays should be better planned and forecast in order to prevent large variances between the amount appropriated and the amount spent.

8. The Advisory Committee supported the staffing proposals of the Secretary-General, particularly those made in response to Board of Auditors observations. However, it recommended that the proposed P-4 Civil Affairs Officer post should be established initially at the P-3 level, and that the proposed P-4 Administrative Assistant (Field Service) post should not be established at the current time.

9. The Advisory Committee noted the decrease in estimated requirements relating to operational costs for 2009/10 by comparison with costs for 2008/09. A further decrease of $30,800 would be achieved if its recommendation to base estimated fuel costs for 2009/10 on the average fuel cost for January-March 2009 was implemented.

10. The General Assembly was invited to appropriate and assess an additional amount of $2,517,200 for the period 1 July 2007 to 30 June 2008 and to credit to Member States, in a manner to be determined, other income and adjustments of $2,076,200. The Advisory Committee recommended that the General Assembly should appropriate $45,256,000 for the maintenance of the Force for the period 1 July 2009 to 30 June 2010 should the Security Council decide to extend its mandate.

11. Introducing the report of the Advisory Committee relating to the financial performance report for the period from 1 July 2007 to 30 June 2008 and the proposed budget of UNMIS for the period from 1 July 2009 to 30 June 2010 (A/63/746/Add.5), she expressed the Advisory Committee's view that the proposed budget for 2009/10 should have made a clearer connection between the Mission's complex operations, as recently realigned to fit the administrative and political composition of the Sudan, and its financial requirements.

12. While the Mission should be fully ready to support the scheduled disarmament, demobilization and reintegration activities, progress would depend on developments on the ground. The Advisory Committee therefore recommended that the vacancy factor for new international posts should be 75 per cent rather than the usual 50 per cent. Further staffing recommendations were contained in paragraphs 35 and 36 of its report. The uncertain progress of disarmament, demobilization and reintegration activities and the under-expenditure in previous years caused by delays in construction projects had led the Advisory Committee to

recommend a 5 per cent reduction in operational costs. The construction projects concerned should be completed rapidly as possible, as full mission subsistence allowances continued to be paid during the periods of construction delays.

13. The General Assembly was invited to credit to Member States, in a manner to be determined, the unencumbered balance of $25,817,700 for the period 1 July 2007 to 30 June 2008, as well as other income and adjustments of $56,381,400 for the same period. The Advisory Committee recommended that the General Assembly should appropriate $951,656,000 for the maintenance of the Mission for the period 1 July 2009 to 30 June 2010 should the Security Council decide to extend its mandate.

14. **Ms. Ahlenius** (Under-Secretary-General for Internal Oversight Services), introducing the report of the Office of Internal Oversight Services (OIOS) on its audit of the use of extraordinary measures for UNAMID (A/63/668), said that she had written to the Secretary-General on 23 November 2007, following his decision to authorize flexibility in the application of administrative policies and procedures in connection with the Mission, as described in his letter dated 2 October 2007 to the President of the General Assembly (A/62/379). In her letter, she had pointed out that delegating officials remained accountable for any irregularities or excessive or inappropriate use of resources resulting from an exemption from the Organization's rules, and that they should establish appropriate internal controls and monitoring.

15. Rule 101.1 of the Financial Regulations and Rules of the United Nations indicated the manner in which authority and responsibility for the implementation of the Regulations and Rules were delegated by the Secretary-General to the Under-Secretary-General for Management, who was in turn able to further delegate authority for specified aspects of the Regulations and Rules. OIOS had found, however, that delegation of authority from the Department of Management to the Department of Field Support lacked the mechanisms necessary to assure the Secretary-General that the extraordinary measures he had approved would be used properly and effectively.

16. Overall, the impact of the extraordinary measures on the deployment of the Mission had been limited and the identification, authorization and implementation of those measures had shown weaknesses. Some of the measures had been unnecessary to achieving the Mission's operational goals, while others had been implemented but had not contributed significantly to expediting the deployment of personnel.

17. One of the extraordinary measures authorized by the Secretary-General, namely the use of non-competitive, single-source contracts, had resulted in the award of a $250 million contract to Pacific Architects and Engineers for multi-function logistics services. A report on the OIOS audit of the management of that contract, which had attracted negative publicity and damaged the Organization's reputation, would shortly be finalized and made available to Member States.

18. In the meantime, the current audit of extraordinary measures had found that the Headquarters Committee on Contracts had been placed under time pressure, thereby preventing it from fulfilling its responsibilities effectively, that the Procurement Division had not benchmarked the contract against similar contracts, thereby exposing the Organization to the risk of excessive prices, and that the Department of Field Support had failed to conduct a cost-benefit analysis to ensure value for money. In addition, contract-management posts had remained vacant, unreasonable fees had been charged and expensive equipment had been ordered but never used.

19. While OIOS had been surprised at not having had the opportunity to learn of the content of the report of the Secretary-General on its audit findings (A/63/668/Add.1) before publication, the content differed little from the comments OIOS had already received from the Department of Management and incorporated into its report. It remained unconvinced that lessons had been learned and accountability for shortcomings accepted.

20. While the report of the Secretary-General on the OIOS audit findings referred to two invitations to OIOS to attend meetings with the Procurement Division in order to advise on potential risks in the procurement and administration of the contract, OIOS did not consider its presence at those meetings to be a substitute for managerial responsibility, a view reflected in the minutes of one of the meetings.

21. The report of the Secretary-General had challenged the view of OIOS that payment of prices considered disproportionate by comparison with the prices in existing systems contracts had resulted in

$7 million of expenditure. It claimed instead that the amount was only $3 million. However, OIOS confirmed its original assessment.

22. Finally, OIOS had been unable to verify the Secretariat's assertion that negotiations to reduce overheads and administrative charges had led to over $16 million in cost reductions. It appeared that that saving had been a result of fees not paid because of work not performed, rather than a genuine reduction in charges.

23. The OIOS recommendations related to proper governance mechanisms; a formal risk assessment to establish what circumstances justified extraordinary measures; accountability for the failure to properly plan for the provision of multi-function logistics services and for weaknesses in procurement and administration of the contract; and amendments to the letter of assist with the Government of Spain for contract management services.

24. **Ms. Hurtz-Soyka** (Director of Policy Coordination and Oversight Service in the Office of the Under-Secretary-General for Management), introducing the note by the Secretary-General (A/63/668/Add.1) on the report of OIOS on its audit of the use of extraordinary measures for UNAMID, emphasized that extreme caution had been exercised in the authorization and use of flexibility measures in the application of administrative rules and that all activities implemented under the extraordinary measures had complied with United Nations regulations, rules and procedures and had contributed to the better functioning of the Operation. The major risk faced by the Secretariat in implementing the Security Council mandate for UNAMID had been the risk that failure to provide extensive facilities on the ground would cause the Operation itself to fail. That risk had been deemed more onerous than the risks entailed by the use of a single-source contract without competitive bidding. The Organization had chosen to mitigate various risks related to supply chain disruption by building in redundancy and planning for "worst case scenarios".

25. The estimated financial implications of the deficiencies described in the annex to the OIOS report (A/63/668) had not been accurately reflected, as shown in the annex to the note by the Secretary-General (A/63/668/Add.1).

26. **Ms. Pataca** (Angola), speaking on behalf of the Group of African States, said that the Group concurred with the expected accomplishments set out in the Secretary-General's report on the budget for UNMIS for 2009/10 (A/63/714), which would lead to the fulfilment within the lifetime of the Mission of the Security Council's overall objective of national reconciliation, lasting peace and stability and a prosperous and united Sudan, with respect for human rights and the protection of all citizens. The Group was mindful of the need to provide adequate resources to all peacekeeping missions and recalled that it had been necessary to appropriate an additional amount for the maintenance of UNMIS for 2008/09. It was therefore concerned that the Advisory Committee's recommendations would entail a reduction in the proposed budget for UNMIS for 2009/10. Moreover, given the critical importance of disarmament, demobilization and reintegration activities in post-conflict situations, it was not convinced by the Advisory Committee's recommendation that an arbitrary 75 per cent vacancy factor should be applied for new international posts related to those activities.

27. The Group noted with satisfaction that the proposed budget for UNAMID for 2009/10 had been submitted earlier than in previous years, thereby allowing sufficient time for consideration of the Secretary-General's proposals. The scale and hybrid nature of the Operation justified full allocation of the resource levels proposed by the Secretary-General. The Group therefore noted with concern the Advisory Committee's arbitrary recommendation for an increase in delayed deployment factors and a consequent 5 per cent reduction in air transportation requirements for 2009/10. While mindful of the Operation's challenging mandate and deployment backlog, it was confident that UNAMID would reach full strength during 2009/10.

28. Although efforts to achieve efficiency gains were to be encouraged, the Group stressed that inter-mission cooperation arrangements involving UNAMID, UNMIS and the United Nations Mission in the Central African Republic and Chad (MINURCAT) must not hinder the effective functioning of the three missions, which had distinctive roles, mandates and responsibilities. In that connection, the possibility of giving the Entebbe base standing capacity for the provision of regular services to the three missions in the same area of operations should be explored with a view to filling any gaps that currently existed.

29. The Group noted with concern the findings contained in the OIOS report (A/63/668) and

emphasized that a rigorous planning process would have obviated the need for extraordinary measures. It would like to discuss the mechanisms currently in place to assess the impact of such measures and their current status of implementation, particularly in the area of multifunctional logistics services. With regard to the payment of death and disability compensation, the Group concurred fully with the Advisory Committee's recommendation that all outstanding claims should be settled expeditiously and looked forward to receiving updated information from the Secretariat during informal consultations. Lastly, the Group reiterated the need for the United Nations to continue working closely with all stakeholders in peacekeeping operations, including in planning and policy formulation. The strengthening of United Nations-African Union cooperation with regard to UNAMID and other missions in the region was particularly important.

30. **Mr. Diab** (Syrian Arab Republic) said that UNDOF had been established over 30 years earlier pursuant to Security Council resolution 350 (1974) and in response to the Israeli occupation of the Syrian Golan. Despite repeated calls for a total withdrawal to the 1967 borders, the occupation was still ongoing, and his delegation therefore maintained that, in accordance with the relevant General Assembly resolutions, the funding of UNDOF should be borne by the occupying Power.

31. His delegation had no objection to the proposed establishment of a post of Civil Affairs Officer at the P-4 level in the Office of the Force Commander to provide a civilian interface between the Force and the local population, on condition that that interface would take place through the office of the Syrian delegation to the Israel-Syria Mixed Armistice Commission (ISMAC) and with the consent of the relevant security services. He stressed that there had been no prior agreement by his country to the establishment of that post. He also expressed concern that in its report, the Advisory Committee had repeated the request it had made in 2008 to the Secretary-General to carry out a review of the financing and administrative support arrangements of the Observer Groups with UNDOF and UNIFIL, even though the General Assembly had not acted on that recommendation and therefore had not reflected it in its resolutions 62/264 and 62/265.

32. The Syrian Arab Republic continued to appreciate the work being done by UNDOF and the Force's cooperation with the Syrian authorities and wished to express its gratitude to the troop-contributing countries.

33. **Mr. Abdelmannan** (Sudan) said that the upcoming general elections would mark a crucial stage of implementation of the Comprehensive Peace Agreement, and he hoped that UNMIS would provide full technical and logistical support for the democratic process. He noted that the budget for UNMIS for the period from 1 July 2009 to 30 June 2010 envisioned a supplementary request relating specifically to election support being made as the situation became clearer. Now that preparations for the election had been completed, he expected the Mission to make that request.

34. He shared the Advisory Committee's hope that the Board of Auditors' recommendations addressed to Mission management and its counterparts at the Secretariat would be brought to the attention of management at the highest level. He was concerned, however, that the performance report on the budget of UNMIS for the period from 1 July 2007 to 30 June 2008 continued to list actual achievements under the category of expected achievements, and achievements of the Government of the Sudan under the category of achievements of the Mission. While that approach might justify funding requests, it distorted the true picture of the Mission's accomplishments. He also questioned the performance report's recommendation in favour of the approval of proposed disarmament, demobilization and reintegration-related posts with the application of a 75 per cent vacancy factor, rather than the 50 per cent normally applied for new international posts, and noted that the one million dollars allocated to quick-impact projects would have very little impact in a country of 40 million people.

35. Despite the achievement of UNAMID, the now infamous single-source contract had cast a shadow over that recommendation. As the report of OIOS on its audit of the use of extraordinary measures for UNAMID had shown, the contract had not been properly monitored, and there had been excessive charges for equipment and services that had not been delivered. He continued to hope that the Secretariat would act on the OIOS recommendations. UNAMID continued to face shortfalls in personnel and equipment, including aircraft, helicopters and personnel carriers, and he called on Member States to step in with support to fill those gaps. His Government

would do all it could to assist both UNMIS and UNAMID and facilitate the informal discussions on their budgets.

36. **Mr. Brant** (Brazil) said that his delegation supported the views expressed by the representative of Angola on behalf of the Group of African States. Speaking on agenda item 146, he stressed the importance of providing UNMIS with the necessary resources to fulfil its mandate. In view of the additional appropriation for the Mission that had been required in 2008/09, he expressed concern that the Advisory Committee's recommendation to reduce the amount appropriated for the maintenance of UNMIS for the 2009/10 period would unduly constrain the Mission's activities and could result in a similar requirement for additional appropriation in that period. Furthermore, his delegation was not convinced by the Advisory Committee's recommendation that a 75 per cent vacancy factor should be applied for new international posts in connection with disarmament, demobilization and reintegration activities, since such activities were critical for the promotion of peace, national reconciliation and development. Lastly, it considered that the current level of one million dollars for quick-impact projects, which the Secretary-General proposed to maintain for 2009/10, was insufficient to provide an adequate level of support in critical areas, such as health, education, public infrastructure and social services.

The meeting rose at 11.45 a.m.